

## **Fry: CSX Intermodal Facility - Mayor, Governor to the Rescue**

By Donald C. Fry  
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Just when it was beginning to look like CSX's efforts to locate a critically-needed intermodal rail freight facility in Maryland would be interminably delayed, if not blocked altogether, by citizen and elected official opposition in Howard County, Governor Martin O'Malley and Baltimore City Mayor Stephanie Rawlings-Blake came to the rescue.

At a time when it's in vogue to characterize government as an inhibitor of private-sector growth, these two elected officials, working together with CSX and the Maryland Department of Transportation (MDOT), furnished a classic lesson in problem-solving.

Earlier this month, in announcing a new plan to locate the intermodal facility at Baltimore City's Mount Clare yard, the mayor, governor, CSX and state transportation officials had managed to resolve, in less than six months, a key site location problem for which a solution had effectively been stalled for years.

Here's how it happened.

The Port of Baltimore must increase its capacity to handle container freight in order to compete for a projected major surge in East Coast container business two years from now, when the Panama Canal widening project will be completed. This will enable massive container ships from the Far East that now unload at West Coast ports to begin unloading on the East Coast.

For Baltimore and Maryland, this spells big economic opportunity.

How big? Up to four times the number of container units previously handled in Baltimore could be headed to the East Coast, according to port officials. In 2014, Baltimore will be one of only two East Coast ports able to handle the so-called "post-Panamax" super ships.

But a key impediment to improving capacity to move more container freight from our port is the more than 100-year-old Howard Street rail tunnel, which cannot accommodate double-stacked rail container cars.

Because Baltimore's primary port facility for unloading containers is the Seagirt Marine Terminal in Dundalk, rail freight connecting it to CSX's National Gateway must go through the Howard Street tunnel.

CSX's plan was to address this problem by building an Intermodal Container Transfer Facility somewhere south of the tunnel. There containers, transported to it from Seagirt by either single-stacked rail through the tunnel or by truck, could be quickly and efficiently loaded onto doubled-stacked freight trains bound for the South and Midwest.

Originally, CSX and MDOT targeted four potential locations adjacent to rail tracks in Howard, Anne Arundel and Prince George's counties for the facility. All drew vehement opposition from citizens and

local government leaders, especially the Elkridge site, which seemed to be the preferred one. What's more, the cost of building the suburban site - between \$140 million and \$325 million - was to include federal funding, making the proposal subject to a lengthy federal approval process.

Howard County residents and government leaders waged aggressive and vocal opposition to locating the facility in their county, citing concerns about noise, traffic, property values and their quality of life.

Meanwhile, the opposition, and the resulting prospect of protracted delays in developing the facility, prompted public officials to worry about economic damage to the region that would stem from failing to act quickly to build an intermodal facility.

Last April, Rawlings-Blake wrote Michael J. Ward, chairman and president of CSX, urging the company to abandon its stalled plans to locate the facility in Howard County and to begin working to identify a site for the facility in the city.

"I'm deeply troubled by the slow pace of this project and the ongoing resistance to the idea of strengthening our critical port infrastructure," Rawlings-Blake wrote, warning that without swift action, "economic opportunity will pass us by."

The governor was also highly motivated to break the facility-location stalemate. He recognized the importance of providing support for the state's public-private partnership at Seagirt Marine Terminal. There, Ports America, which operates the terminal, is dramatically increasing the facility's cargo-handling capacity by investing more than \$150 million in creating a 50-foot berth, making facility improvements and adding four new cranes to unload the super ships.

In 2009, Maryland entered into an agreement where the state and CSX each pledged \$75 million toward building an intermodal facility, selecting more than a dozen potential sites, which distilled down to four sites, including Howard County.

Given the opposition to those sites, last spring the prognosis in the Governor's office for the project was grim.

"Either it was going to happen, five, six, 10 years from now or it was going to get stalled," Matt Gallagher, the governor's chief of staff, told Greater Baltimore Committee leaders recently.

Governor O'Malley then met with Ward and the two decided to go in a different direction, with Rawlings-Blake and the Baltimore City Council wholeheartedly supporting the concept of finding a site in the city for the facility.

Now, only months later, plans are being fleshed out for the Mount Clare site. They call for two massive, movable, electric "no emission" cranes that will span a number of tracks to efficiently transfer freight containers between trucks and trains.

Plans call for the facility to begin operating in early 2015.

The facility will cost between \$85 million and \$90 million and will have a capacity to handle up to 90,000 containers per year - less than the proposed capacity for the suburban sites, but enough to deliver a major boost in our port's container-handling capabilities, say state officials.

The Mount Clare property is already a rail yard and zoned for such use. Plans call for the project cost to be entirely funded by CSX and the state - without federal funding. Over the next few years, the governor

will budget \$32.5 million in state funding for the project - less than half of the state's original commitment for a suburban facility.

The project will deliver numerous benefits to Maryland through expanding the economic and job-growth potential for the Port of Baltimore, which currently generates more than 14,000 direct jobs, 94,000 more indirect and induced jobs, and \$5 billion in annual economic activity, according to state data.

By enabling containers to be shipped from Baltimore double-stacked, which is now the industry standard, it will re-assert Maryland's competitive advantage in the freight industry and modernize our state's rail infrastructure to compete with other mid-Atlantic states.

CSX, the governor, Baltimore's mayor and MDOT together have literally snatched victory from the jaws of defeat. They found a way to preserve an economic advantage that could have slipped away from our city, region and state.

By any measure, this revived intermodal facility project - which only months ago appeared hopelessly stalled with little prospect for success anytime soon - will catapult Maryland into a highly competitive position for future port-driven growth that will benefit us all.